



**COOPERATIVE HOUSING FOUNDATION**  
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**ACCESS TO MICROFINANCE AND  
ENHANCED ENTERPRISE NICHES  
(AMEEN)**

**SEMI-ANNUAL PERFORMANCE  
REPORT**

**COOPERATIVE AGREEMENT NUMBER:  
268-A-00-98-00113**

**OCTOBER - MARCH 1999**

**SUBMITTED TO:  
UNITED STATES AGENCY FOR INTERNATIONAL  
DEVELOPMENT**

**COOPERATIVE HOUSING FOUNDATION (CHF)  
SEMI-ANNUAL REPORT TO USAID  
ACCESS TO MICROFINANCE AND ENHANCED ENTERPRISE NICHE (AMEEN)**

April 23, 1999

Grant Number: Cooperative Agreement No. 268-A-00-98-00113  
Contractor: Cooperative Housing Foundation

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**SECTION I - CONTRACTOR REPORT**

**PROGRESS OF MAJOR ACTIVITIES  
ELEMENT 1 - BACKGROUND**

The purpose of the AMEEN program is to: (1) Enhance the access to microfinancial services for the low income group of the population, and microentrepreneurs in particular; (2) Enhance the institutional capacity of private commercial banks to deliver microfinancial products; and (3) Create and support a financially sustainable organization by the end of the project.

The Cooperative Housing Foundation (CHF), in partnership with the Jammal Trust Bank (JTB), is implementing the AMEEN Program in support of USAID's Strategic Objective #1: Reconstruction and Expanded Economic Opportunity, and Intermediate Result 1.2: Small and Microenterprises enhanced.

The program embarked with a market study to assess the demand for microfinancial services in the microenterprise sector in Lebanon. The purpose of the demand survey, conducted in November 1998, was to generate economic, financial and social profiles for microentrepreneurs in the country. The survey results were a key component to the development of the AMEEN Program's business plan (Attachment A). The study presents and analyzes the findings of the baseline survey of a randomly selected group of 600 entrepreneurs across various sectors of the economy and in the urban and peri-urban regions of the country. The survey results indicate that while the effective demand for formal financial services is limited, entrepreneurs rely on suppliers credit when drawing on external sources of finance. Examination of the entrepreneurs' potential demand, moreover, indicates a stronger interest in individual loans than in group loans.

The program design was based on the findings of the demand survey and on CHF's agreement with JTB. The AMEEN Program therefore proposed to provide access to microfinancial services along the following key parameters:

\$ Loans are extended to individual borrowers (sole partnerships) or enterprises generally

- employing 5 workers or less.
- \$ Loans range from \$500 to \$2,000, with an average of \$1,500. The repayment period (maturity) ranges from 6 months to one year.
- \$ Loans are granted at 28 percent interest rate based on a declining balance with 3 percent commission fees charged up-front.
- \$ Loans are extended to businesses that have been in existence for at least one year.
- \$ Each loan agreement is between the client and JTB.
- \$ Clients are encouraged to open savings accounts with JTB. JTB waives all account charges and has reduced its minimum opening account balance to \$50.
- \$ Collateral and collateral substitutes (including guarantors) are used to secure the loans.

The AMEEN Program is implemented in four phases: Start Up; Lending Phase I (Beirut Suburbs and Sidon); Lending Phase II (Tyre, Bekaa and Tripoli); and Consolidation.

## **ELEMENT 2 - CURRENT CORE ACTIVITIES**

### (1) Institutional Capacity Building and Training

The *Start up Phase* involved, first, writing the business plan. The *business plan meeting*, held on December 14, involved CHF/AMEEN & HQ, USAID/Lebanon, Jammal Trust Bank (JTB), and CHF/REDI. Ms. Lopa Kolluri, AMEEN Program Officer, Mr. Franck Daphnis Director of Field Program Management, and the AMEEN Program Director, Mayada Baydas, presented the business plan to USAID and JTB. The presentations involved discussing the results of the market demand survey, an overview of the AMEEN program, organizational structure, financial products, implementation strategy, financial projections, and the potential exit mechanisms for CHF. Mr. Anwar Jammal, Executive Director for Jammal Trust Bank, also presented an overview of JTB and discussed their interest.

A second important milestone during the start-up phase involved finalizing the agreement with JTB. The *Agreement between JTB and the AMEEN program* (in Arabic and English) was signed on March 1<sup>st</sup>, 1999.

Third, *permanent office space for the AMEEN Program was rented and furnished* at the address below.

Abu-Ezzideen Bldg., 5<sup>th</sup> Floor  
 El-Hussein Street, El-Laban  
 POBox 135879 Chouran  
 Beirut, Lebanon  
 Tel. 961-1-795634  
 Fax: 961-6-795635  
 Email: [ameenchf@cyberia.net.lb](mailto:ameenchf@cyberia.net.lb)

Fourth, the program director, *recruited and hired several staff members for the AMEEN program*. Ms. Nisrine Mansour (Loan Supervisor), Ms. Monia Hamze (Program Assistant), Mr. Ziad Halaby (Financial Manager), and Mr. Marwan Hosari (Office Assistant/Loan Officer),

started with the program during the second part of January. A total of six loan officers were recruited for the program in early February, 1999.

Fifth, the month of February involved *orientation and training for all AMEEN staff*. The first part of the month was an orientation period to the core office staff, namely Ms. Nisrine Mansour (Loan Supervisor), Ms. Monia Hamze (Program Assistant), Mr. Ziad Halaby (Financial Manager), and Mr. Marwan Hosari (Office Assistant/Loan Officer), all of whom started with the program during the second part of January. Six loan officers were hired by the Program Director and the Loan Supervisor and began work in early February. The AMEEN Program Director, assisted by Ms. Nisrine Mansour and Mr. Ziad Halaby, designed and conducted the training program for the six loan officers who joined the program in mid-February. The AMEEN team prepared and conducted a week long training program Feb. 15<sup>th</sup> through Feb. 19<sup>th</sup>. The training program involved an overview of microfinance, market demand survey instruments, the AMEEN program, implementation approach, and loan screening analysis.

Sixth, on February 25<sup>th</sup>, 1999, the AMEEN Program Director, Loan Supervisor and Financial Manager, prepared and conducted a day-long *training program for all the JTB branch managers and credit officers* who are participating in the AMEEN program during phase I lending. Several officers from JTB/HQ also attended the training.

## (2) AMEEN

The ***Lending Phase I***, which commenced as of March, 1999, has involved continued training of the loan officers, promoting the AMEEN/JTB services through out the Greater Beirut area, Saida and Ghazieh, screening loan applicants, and granting loans.

First, the AMEEN program director and loan supervisor completed the *visits to all JTB branches*, including Saida and Ghaziyeh, participating in phase I lending.

Second, the AMEEN program loan officers commenced their *field training* in the areas of the JTB branches which they are assigned to work on February 22<sup>nd</sup>. Maps of the areas and local information was documented and preliminary promotion was in effect taking place. Loan officers effectively assumed their full duties at the branches and in their areas of operation on March 1<sup>st</sup>.

Third, the *loan screening application form*, loan application summary analysis, loan officer daily activity report, loan officer weekly activity report, loan officers bi-weekly plan, and loan officers monthly report, have been finalized and have been put to use by the AMEEN program. The AMEEN program brochure has also been printed (Attachment Ba copy is included for your review) and is being used by the loan officers in promoting the AMEEN program.

Fourth, the first AMEEN/JTB loan committee meeting took place on March 16<sup>th</sup> and the first group of AMEEN loans were approved. The loan committee meets at least once a week or on need basis. The flow of applications is strong, however the AMEEN program is still training the loan officers to screen applicants and complete the loan application accurately. Hence, the loan officers are advised to strengthen the quality of their portfolios initially and then focus on

achieving the set quantities in order for the program to achieve a large scale of outreach.

Fifth, the AMEEN Operations Manual (OM) drafted in mid-March includes detailed description of the AMEEN program operations, financial management and administrative procedures. The manual also includes all the loan screening application form, loan application summary analysis, loan officer daily activity report, loan officer weekly activity report, loan officers bi-weekly plan, and loan officers monthly report, which have continuously been revised. All the forms in the manual are put in both English and Arabic. The OM will be finalized by the end of April, 1999.

### **ELEMENT 3 - RESULTS**

As of April 15, 1999, the first batch including 22 loan applications have been approved and will be disbursed on April 19<sup>th</sup> and 20<sup>th</sup>, 1999, at the respective branches. The first batch of loans yielded an average loan size of US\$1,200 granted for a period of 12 months on average.

### **ELEMENT 4 - PERFORMANCE**

During the first six months of operation of the AMEEN program, CHF proceeded in conformity with the statement of work as detailed in the CHF/AMEEN Business Plan presented to USAID on December 15, 1998, and attached with this report.

### **ELEMENT 5 - FUTURE ACTIVITIES**

During the coming six months of operation of the AMEEN program, CHF will proceed to expand the program to attain a large scale of outreach compatible with the program goals and objectives. It is projected that the AMEEN group will have 10 loan officers by August 1999, and the program will be operational in parts of the country, particularly where JTB branches exist. CHF expects that the AMEEN program would have granted 250 by October 1999, and close to 1000 loans by the end of the first year of operation.

Additional loan capitalization of \$1,750,000 over FY 1999 and FY 2000 is anticipated, bringing the total level of program capitalization to \$2,250,000. Additional operational support of approximately \$620,000 over FY 1999 and FY 2000 is also anticipated and necessary to allow the program to reach operational sustainability by year 3 and financial sustainability by year 6 of the program.